

THE ROLE OF INVESTOR NETWORKS IN TRANSNATIONAL CORPORATE GOVERNANCE

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This paper will explore the role of investors in the context of transnational business governance. Investors are a heterogeneous constituent group but collectively they are a potentially powerful force for bringing corporations to account and for holding companies to standards. Indeed, shareholder activism has been influential in the development of corporate governance and corporate social responsibility. This paper will consider the potential of investors as part of a social movement or as a participant in a system of networked governance. One organizational structure that investors have used for collective action is the UN Principles for Responsible Investment initiative, which provides a platform for collaborative engagement with companies on environmental, social and governance issues. The Principles have attracted more than a thousand signatories who have pledged to screen investments based on ESG considerations. Signatories also agree to promote ESG decisions and reporting by their investee companies. Through this study the relationships between public and private regulatory actors and their contributions to standard setting and enforcement will be considered. The paper will also seek to answer the following questions: To what extent can responsible investment by institutional investors and their engagement with investee companies help to improve global corporate governance and global environmental governance? How possible and how legitimate is it for institutional investors to shape corporate and environmental regulation through the UN Principles? What are the possible benefits of the UN Principles in the pursuit of networked governance? What are the limitations? How do shareholders reconcile the tensions between promoting environmental protection and social justice and maximising returns on their investments? How do investors interact with other social movement participants? What are the implications for democracy, transparency, accountability and organizational learning? What impact does the network or social movement activity on the role of nation states and global institutions in developing transnational corporate governance standards and corporate social responsibility?